

City of Caldwell, Kansas

Annual Financial Report

December 31, 2010

Governing Body

Mark Arnold, Mayor

Michelle Schlitz, Finance Commissioner

Colin Wood, Public Works Commissioner

City Clerk

Casie Risley

Independent Auditor

Kenneth L Cooper Jr CPA, Chtd.

Certified Public Accountant

Caldwell, Kansas

City of Caldwell, Kansas
Statutory Basis Financial Statements
Year Ended December 31, 2010

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City of Caldwell, Kansas
Statutory Basis Financial Statements
Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD

Certified Public Accountant

Independent Auditor's Report

To the Honorable Mayor and City Commission
City of Caldwell
Caldwell, Kansas

I have audited the accompanying primary government financial statements of the City of Caldwell, Kansas, as of and for the year ended December 31, 2010 and the individual fund statements for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles, the cash and unencumbered cash, revenues received and expenditures incurred by the aggregate discretely presented component units have been omitted from these statements, and although not reasonably determinable, are presumed to be material.

As described more fully in Note 1, the City has prepared these financial statements in conformity with the accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.


In my opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In my opinion, the primary government financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Caldwell, Kansas, as of December 31, 2010, and the revenues it received, expenditures it incurred and budgetary results for the years ended December 31, 2010 and 2009 (individual funds only) on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 19, 2011, on my consideration of the City of Caldwell's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the primary government financial statements of the City of Caldwell, Kansas. Likewise, Schedule 1 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements, taken as a whole. The City of Caldwell, Kansas' written responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.


Certified Public Accountant

October 19, 2011

KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and City Commission
City of Caldwell, Kansas

I have audited the primary government financial statements prepared on the prescribed basis of accounting of the City of Caldwell, Kansas as of and for the year ended December 31, 2010, and have issued my report thereon dated October 19, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Caldwell, Kansas' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Caldwell, Kansas' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Caldwell, Kansas' internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified deficiencies in internal control over utility accounts receivable and preparation of the schedule of expenditures of federal awards that I considered to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: Item 2010-1, 2010-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Caldwell, Kansas' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the City of Caldwell, Kansas in a separate letter dated October 19, 2011.

The City of Caldwell's response to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the City of Caldwell's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

October 19, 2011

KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON A MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Council
City of Caldwell, Kansas

Compliance

I have audited the compliance of the City of Caldwell, Kansas, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Caldwell's major federal program for the year ended December 31, 2010. The City of Caldwell, Kansas' major program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the major federal program is the responsibility of the City of Caldwell, Kansas' management. My responsibility is to express an opinion on the City of Caldwell, Kansas' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Caldwell, Kansas' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Caldwell, Kansas' compliance with those requirements.

In my opinion, the City of Caldwell, Kansas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City of Caldwell, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Caldwell, Kansas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over

compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Caldwell, Kansas' internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. However, as discussed below, I indentified a deficiency in internal control over compliance that I consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and question costs as item 2010-2 to be a material weakness.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

October 19, 2011

City of Caldwell, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash (Statutory)
For the Year Ended December 31, 2010

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbr./ Accounts Pay.	Ending Cash Balance
Funds						
<i>Governmental Type Funds:</i>						
General	\$ 426,098	\$ 953,546	\$ 966,337	\$ 413,308	\$ 14,741	\$ 428,048
Special Revenue Funds:						
Special Highway	77,911	30,588	27,657	80,843	-	80,843
Special Parks and Recreation	2,980	2,333	4,204	1,109	-	1,109
Library Levy	6,237	16,652	22,749	140	-	140
Drug Enforcement	3,506	-	350	3,156	-	3,156
Municipal Equipment Reserve	54,569	55,183	33,878	75,874	-	75,874
Industrial Development	14,283	(1)	6,040	8,243	-	8,243
Special Law Enforcement	1,314	-	-	1,314	-	1,314
Cemetery Improvement	272,280	4,409	2,975	273,714	-	273,714
Fire Insurance Proceeds	-	6,863	6,863	-	-	-
Debt Service Funds:						
Bond and Interest	25,490	7,505	11,000	21,995	-	21,995
Capital Projects Funds:						
Multi-Year Capital Improvements	77,859	47,000	16,621	108,238	-	108,238
Library Construction	(189)	189	-	-	-	-
Non-expendable Trust Funds:						
Cemetery Endowment	122,954	2,699	2,024	123,629	-	123,629
<i>Proprietary Type Funds:</i>						
Sewer Utility	77,717	119,988	128,422	69,282	1,495	70,777
Storm Water Utility	-	2,057	-	2,057	-	2,057
Water Utility	-	802,474	700,520	101,954	3,201	105,156
Total (excluding agency fund)	<u>\$ 1,163,009</u>	<u>\$ 2,051,484</u>	<u>\$ 1,929,638</u>	<u>\$ 1,284,855</u>	<u>\$ 19,437</u>	<u>\$ 1,304,292</u>

Composition of Cash Balance:

Cash on hand, city Clerk	\$ 700
Cash in checking account:	
Stock Exchange Bank, checking account	32,540
Stock Exchange Bank, money market account	129,361
Stock Exchange Bank, Sewer fund money market account	432,284
Stock Exchange Bank, Special account	112,200
Cash in certificates of deposit	
Stock Exchange Bank	203,834
Caldwell State Bank	393,510
Total Cash	\$ 1,304,429
Less Agency fund cash (Statement 4)	(137)
Total primary government	<u>\$ 1,304,292</u>

City of Caldwell, Kansas
Summary of Expenditures--Actual and Budget (Statutory)
(Budgeted Funds Only)
For the Year Ending December 31, 2010

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable/ (Unfavorable)</u>
Governmental Type Funds:					
General	\$ 887,758	\$ 222,109	\$ 1,109,867	\$ 966,337	\$ 143,530
Special Revenue Funds					
Special Highway	110,000	-	110,000	27,657	82,343
Special Parks and Recreation	8,000	-	8,000	4,204	3,796
Library Levy	23,095	-	23,095	22,749	346
Drug Enforcement	3,000	-	3,000	350	2,650
Industrial Development	5,000	-	5,000	6,040	(1,040)
Special Law Enforcement	1,314	-	1,314	-	1,314
Cemetery Improvement	6,450	-	6,450	2,975	3,475
Debt Service Funds:					
Bond & Interest	19,595	-	19,595	11,000	8,595
Non-expendable Trust Funds:					
Cemetery Endowment	6,450	-	6,450	2,024	4,426
Proprietary Type Funds:					
Sewer Utility	165,085	-	165,085	128,422	36,663
Storm Water Utility	2,500	-	2,500	-	2,500
Water Utility	791,005	-	791,005	700,520	90,485
Total primary government	<u>\$ 2,029,252</u>	<u>\$ 222,109</u>	<u>\$ 2,251,361</u>	<u>\$ 1,872,277</u>	<u>\$ 379,084</u>

City of Caldwell, Kansas
General Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)

Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Taxes	\$ 548,692	\$ 525,474	\$ 482,548	\$ 42,926
Intergovernmental revenues	18,779	19,311	17,300	2,011
Licenses and permits	95,117	87,518	92,780	(5,967)
Fines and fees	3,414	6,363	5,125	1,238
Charges for services	39,052	32,847	30,750	1,760
Use of money and property	11,480	11,295	9,500	1,795
Other revenue	51,475	46,605	16,000	30,558
Bond Proceeds	-	222,109	-	222,109
Transfers from Cemetery Endowment	1,637	2,024	6,000	(3,976)
Total cash receipts	<u>\$ 769,646</u>	<u>\$ 953,546</u>	<u>\$ 660,003</u>	<u>\$ 292,454</u>
<u>Expenditures</u>				
Administrative	\$ 92,260	\$ 91,374	\$ 92,050	\$ 676
Police	140,815	155,019	161,725	6,706
Fire	40,308	253,060	44,300	(208,760)
Public Works	185,296	180,108	176,400	(3,708)
Street lighting	23,328	21,097	77,000	55,903
Community building	23,316	11,805	29,500	17,695
Swimming pool	25,797	22,142	29,850	7,708
Employee benefit	102,491	131,203	128,250	(2,953)
Liability insurance	2,549	2,346	2,500	154
Capital Outlay/Contingency	-	2,000	50,000	48,000
Transfer to sewer utility	-	-	-	-
Transfers to municipal equipment-reserve	47,183	54,183	54,183	-
Transfers to multi-year capital improvements	18,500	42,000	42,000	-
Total expenditure before budget credit	<u>\$ 701,843</u>	<u>\$ 966,337</u>	<u>\$ 887,758</u>	<u>\$ (78,579)</u>
GO Bond Proceeds			<u>222,109</u>	
Total expenditures	<u>\$ 701,843</u>	<u>\$ 966,337</u>	<u>\$ 1,109,867</u>	<u>\$ 47,928</u>
Receipts Over (Under) Expenditures	<u>\$ 67,803</u>	<u>\$ (12,790)</u>		
Unencumbered Cash Balance, Beginning	<u>358,295</u>	<u>426,098</u>		
Unencumbered Cash Balance, Ending	<u>\$ 426,098</u>	<u>\$ 413,308</u>		

City of Caldwell, Kansas
Special Highway Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/</u> <u>(Unfavorable)</u>
<u>Cash Receipts</u>				
State payments	\$ 29,052	\$ 30,588	\$ 31,460	\$ (872)
KDOT reimbursement	-			-
Interest on investments	764	-	-	-
Total receipts	<u>\$ 29,816</u>	<u>\$ 30,588</u>	<u>\$ 31,460</u>	<u>\$ (872)</u>
<u>Expenditures</u>				
Salaries	\$ 6,390	\$ -	\$ 2,000	\$ 2,000
Materials	1,604	1,335	3,000	1,665
Contracted services/capital outlay	2,200	-	95,000	95,000
Equipment Maintenance	7,209	26,321	10,000	(16,321)
Special Project	13,440	-	-	-
Total expenditures	<u>\$ 30,843</u>	<u>\$ 27,657</u>	<u>\$ 110,000</u>	<u>\$ 82,343</u>
Receipts Over (Under) Expenditures	\$ (1,027)	\$ 2,932		
Unencumbered Cash Balance, Beginning	<u>78,938</u>	<u>77,911</u>		
Unencumbered Cash Balance, Ending	<u>\$ 77,911</u>	<u>\$ 80,843</u>		

City of Caldwell, Kansas
Special Parks and Recreation Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		<u>2010</u>		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/</u> <u>(Unfavorable)</u>
<u>Cash Receipts</u>				
Local alcohol liquor tax	\$ 2,021	\$ 2,333	\$ 2,000	\$ 333
<u>Expenditures</u>				
Park	\$ 1,032	\$ 4,204	\$ 8,000	\$ 3,796
Swimming pool	2,158	-	-	-
Total expenditures	\$ 3,190	\$ 4,204	\$ 8,000	\$ 3,796
 Receipts Over (Under) Expenditures	 \$ (1,169)	 \$ (1,871)		
 Unencumbered Cash Balance, Beginning	 4,149	 2,980		
 Unencumbered Cash Balance, Ending	 <u>\$ 2,980</u>	 <u>\$ 1,109</u>		

City of Caldwell, Kansas
Library Levy Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Ad valorem property tax	\$ 17,810	\$ 15,049	\$ 15,577	\$ (528)
Neighborhood Revitalization Rebate	(155)	(6)	-	(6)
Back-tax collections	526	-	900	(900)
Motor vehicle tax	2,899	1,532	2,307	(775)
16/20 M vehicles	37	51	35	16
Recreational vehicle tax	41	27	32	(5)
Reimbursement from Library	-	-	-	-
Total receipts	<u>\$ 21,158</u>	<u>\$ 16,652</u>	<u>\$ 18,851</u>	<u>\$ (2,199)</u>
<u>Expenditures</u>				
Transfer to library operating fund	\$ 19,173	\$ 22,749	\$ 23,095	\$ 346
Total expenditures	<u>\$ 19,173</u>	<u>\$ 22,749</u>	<u>\$ 23,095</u>	<u>\$ 346</u>
Receipts Over (Under) Expenditures	\$ 1,985	\$ (6,097)		
Unencumbered Cash Balance, Beginning	<u>4,252</u>	<u>6,237</u>		
Unencumbered Cash Balance, Ending	<u>\$ 6,237</u>	<u>\$ 140</u>		

City of Caldwell, Kansas
Drug Enforcement
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)

Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Diversion fee	\$ -	\$ -	\$ -	\$ -
Dare Program	-		-	-
Other	-	-	-	-
Total receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>				
Other	\$ -	\$ 200	\$ -	\$ (200)
Dare grant expenses	<u>206</u>	<u>150</u>	<u>3,000</u>	<u>2,850</u>
Total expenditures	<u>\$ 206</u>	<u>\$ 350</u>	<u>\$ 3,000</u>	<u>\$ 2,650</u>
Receipts Over (Under) Expenditures	\$ (206)	\$ (350)		
Unencumbered Cash Balance, Beginning	<u>3,712</u>	<u>3,506</u>		
Unencumbered Cash Balance, Ending	<u>\$ 3,506</u>	<u>\$ 3,156</u>		

City of Caldwell, Kansas
Municipal Equipment Reserve
Statement of Cash Receipts and Expenditures-Actual
(Statutory Basis)
Years Ended December 31, 2010 and 2009

	2009 <u>Actual</u>	2010 <u>Actual</u>
<u>Cash Receipts</u>		
Interest on investments	\$ 550	\$ -
Operating transfer from general fund	47,183	54,183
Operating transfer from sewer fund	-	1,000
Total receipts	<u>\$ 47,733</u>	<u>\$ 55,183</u>
<u>Expenditures</u>		
Street & Highway	\$ 12,320	\$ 1,667
Police	-	11,168
Administration	-	732
Sewer	-	-
Park	-	-
Cemetery	-	-
Pool	-	-
Fire	20,311	20,311
Total expenditures	<u>\$ 32,631</u>	<u>\$ 33,878</u>
Receipts Over (Under) Expenditures	\$ 15,102	\$ 21,305
Unencumbered Cash Balance, Beginning	<u>39,467</u>	<u>54,569</u>
Unencumbered Cash Balance, Ending	<u><u>\$ 54,569</u></u>	<u><u>\$ 75,874</u></u>

City of Caldwell, Kansas
Industrial Development Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Ad valorem property tax	\$ -	\$ (1)	\$ -	\$ (1)
Back-tax collections	59	-	-	-
Motor vehicle tax	234	-	-	-
16/20 M Trucks	12	-	-	-
Recreational vehicle tax	2	-	-	-
Investment interest	136	-	-	-
Total receipts	<u>\$ 443</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>
<u>Expenditures</u>				
Development	\$ 2,803	\$ 2,803	\$ 3,000	\$ 197
Capital Outlay	-	-	-	-
Opera House	-	-	-	-
Other dues	-	-	-	-
Promotion	-	310	-	(310)
Consulting	1,000	-	-	-
Other	941	2,927	2,000	(927)
Total expenditures	<u>\$ 4,744</u>	<u>\$ 6,040</u>	<u>\$ 5,000</u>	<u>\$ (1,040)</u>
Receipts Over (Under) Expenditures	\$ (4,301)	\$ (6,041)		
Unencumbered Cash Balance, Beginning	<u>18,584</u>	<u>14,283</u>		
Unencumbered Cash Balance, Ending	<u>\$ 14,283</u>	<u>\$ 8,243</u>		

City of Caldwell, Kansas
Special Law Enforcement
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable/ (Unfavorable)
<u>Cash Receipts</u>				
Grant	\$ -	\$ -	\$ -	\$ -
Total receipts	\$ -	\$ -	\$ -	\$ -
<u>Expenditures</u>				
Drug Equipment	\$ -	\$ -	\$ -	\$ -
Other	-	-	1,314	1,314
Total expenditures	\$ -	\$ -	\$ 1,314	\$ 1,314
Receipts Over (Under) Expenditures	\$ -	\$ -		
Unencumbered Cash Balance, Beginning	<u>1,314</u>	<u>1,314</u>		
Unencumbered Cash Balance, Ending	<u>\$ 1,314</u>	<u>\$ 1,314</u>		

City of Caldwell, Kansas
Cemetery Improvement
Statement of Cash Receipts and Expenditures-Actual
(Statutory Basis)
Years Ended December 31, 2010 and 2009

	2009	2010		Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Cash Receipts</u>				
Interest on investments	\$ 4,805	\$ 4,409	\$ 12,000	\$ (7,592)
Donations	268,938	-	-	-
Total receipts	<u>\$ 273,743</u>	<u>\$ 4,409</u>	<u>\$ 12,000</u>	<u>\$ (7,592)</u>
<u>Expenditures</u>				
Cemetery improvements	\$ 1,463	\$ -	\$ -	\$ -
Other	-	2,975	6,450	3,475
Total expenditures	<u>\$ 1,463</u>	<u>\$ 2,975</u>	<u>\$ 6,450</u>	<u>\$ 3,475</u>
Receipts Over (Under) Expenditures	\$ 272,280	\$ 1,434		
Unencumbered Cash Balance, Beginning	<u>-</u>	<u>272,280</u>		
Unencumbered Cash Balance, Ending	<u>\$ 272,280</u>	<u>\$ 273,714</u>		

City of Caldwell, Kansas
Fire Insurance Proceeds
Statement of Cash Receipts and Expenditures-Actual
(Statutory Basis)
Years Ended December 31, 2010 and 2009

	2009 <u>Actual</u>	2010 <u>Actual</u>
<u>Cash Receipts</u>		
Fire insurance proceeds	\$ 18,121	\$ 6,863
Other	<u>-</u>	<u>-</u>
Total receipts	<u>\$ 18,121</u>	<u>\$ 6,863</u>
<u>Expenditures</u>		
Other	<u>\$ 18,121</u>	<u>\$ 6,863</u>
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash Balance, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes

City of Caldwell, Kansas
Bond and Interest Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Ad valorem - property tax	\$ -	\$ 7,508	\$ 7,243	\$ 265
Less NRP Rebates		\$ (3)	\$ -	(3)
Back-tax collections	1,046	-	-	-
Motor vehicle tax	-	-	-	-
16/20 M Trucks	-	-	-	-
Recreational vehicle tax	-	-	-	-
Interest on investments	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total receipts	 \$ 1,138	 \$ 7,505	 \$ 7,243	 \$ 262
 <u>Expenditures</u>				
Bond principal	\$ -	\$ 11,000	\$ 11,000	\$ -
Interest and fiscal charges	-	-	-	-
Cash basis reserve	<u>-</u>	<u>-</u>	<u>8,595</u>	<u>8,595</u>
Total expenditures	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 19,595</u>	<u>\$ 8,595</u>
 Receipts Over (Under) Expenditures	 \$ 1,138	 \$ (3,495)		
 Unencumbered Cash Balance, Beginning	 <u>24,352</u>	 <u>25,490</u>		
 Unencumbered Cash Balance, Ending	 <u>\$ 25,490</u>	 <u>\$ 21,995</u>		

City of Caldwell, Kansas
Multi-Year Capital Improvement Fund
Statement of Cash Receipts and Expenditures-Actual
(Statutory Basis)
Years Ended December 31, 2010 and 2009

	2009 <u>Actual</u>	2010 <u>Actual</u>
<u>Cash Receipts</u>		
Investment income	\$ 784	\$ -
Operating transfers from general fund	18,500	42,000
Operating transfers from Sewer fund	4,000	5,000
Total receipts	<u>\$ 23,284</u>	<u>\$ 47,000</u>
<u>Expenditures</u>		
Administration	\$ 1,170	\$ 11,531
Swimming Pool	5,309	-
Cemetery	-	-
Building	4,830	5,091
Sewage Treatment	12,220	-
Total expenditures	<u>\$ 23,529</u>	<u>\$ 16,621</u>
Receipts Over (Under) Expenditures	\$ (245)	\$ 30,379
Unencumbered Cash Balance, Beginning	<u>78,104</u>	<u>77,859</u>
Unencumbered Cash Balance, Ending	<u><u>\$ 77,859</u></u>	<u><u>\$ 108,238</u></u>

City of Caldwell, Kansas
Library Construction Fund
Statement of Cash Receipts and Expenditures-Actual
(Statutory Basis)
Years Ended December 31, 2010 and 2009

	2009 <u>Actual</u>	2010 <u>Actual</u>
<u>Cash Receipts</u>		
Community Development Block Grant	\$ 107,000	\$ -
Sale of general obligation bonds	110,000	-
Miscellaneous Revenue	<u>-</u>	<u>189</u>
	<u>\$ 217,000</u>	<u>\$ 189</u>
<u>Expenditures</u>		
Administration	\$ 10,996	\$ -
Architect Fees	13,565	-
Legal Fees	758	-
Construction	174,721	-
Retire temporary notes	<u>106,914</u>	<u>-</u>
Total expenditures	<u>\$ 306,954</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (89,954)	\$ 189
Unencumbered Cash Balance, Beginning	<u>89,765</u>	<u>(189)</u>
Unencumbered Cash Balance, Ending	<u><u>\$ (189)</u></u>	<u><u>\$ -</u></u>

City of Caldwell, Kansas
Cemetery Endowment Fund
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)
Years Ended December 31, 2010 and 2009

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable/ (Unfavorable)
<u>Cash Receipts</u>				
Lot sales	\$ -	\$ -	\$ 3,500	\$ (3,500)
Addition to Endowment	3,875	675	-	675
Interest on investments	<u>1,637</u>	<u>2,024</u>	<u>6,000</u>	<u>(3,976)</u>
Total receipts	<u>\$ 5,512</u>	<u>\$ 2,699</u>	<u>\$ 9,500</u>	<u>\$ (6,801)</u>
<u>Expenditures</u>				
General operating	\$ -		\$ 450	\$ 450
Operating transfer to general fund	<u>1,637</u>	<u>2,024</u>	<u>6,000</u>	<u>3,976</u>
Total expenditures	<u>\$ 1,637</u>	<u>\$ 2,024</u>	<u>\$ 6,450</u>	<u>\$ 4,426</u>
Receipts Over (Under) Expenditures	<u>\$ 3,875</u>	<u>\$ 675</u>		
Unencumbered Cash Balance, Beginning	<u>119,079</u>	<u>122,954</u>		
Unencumbered Cash Balance, Ending	<u>\$ 122,954</u>	<u>\$ 123,629</u>		

City of Caldwell, Kansas
Sewer Utility
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)

Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/</u> <u>(Unfavorable)</u>
<u>Cash Receipts</u>				
Sewer use fee	\$ 100,903	\$ 113,661	\$ 98,000	\$ 15,661
Delinquent sewer use fee	3,085	3,760	6,250	(2,490)
Sewer dump fees	240	650	500	150
Assessed sewer fees	764	-	500	(500)
Delinquent set off payments	-	-	-	-
Other reimbursement	10	-	-	-
Utility Overpayments	-	364	-	364
Miscellaneous	-	(28)	-	(28)
Interest on investments	<u>1,201</u>	<u>1,580</u>	<u>1,000</u>	<u>580</u>
Total receipts	<u>\$ 106,203</u>	<u>\$ 119,988</u>	<u>\$ 106,250</u>	<u>\$ 13,738</u>
<u>Expenditures</u>				
Salaries - plant	\$ 23,091	\$ 28,748	\$ 28,000	\$ (748)
Salaries - admin	9,633	16,729	15,000	(1,729)
Utilities	2,669	1,974	3,000	1,026
Chemicals & supplies	2,236	431	1,500	1,069
Insurance	-	1,950	2,000	50
Equipment maintenance & rental	9,781	2,732	16,000	13,268
New equipment	6,012	3,549	3,000	(549)
Fuel	-	-	2,500	2,500
Consulting & Contractual	12,420	10,509	23,000	12,491
Schooling	254	350	250	(100)
Debt service				
-principal	28,784	29,564	29,564	-
-interest	14,196	13,489	13,489	-
-loan fees	1,454	1,382	1,382	-
Capital improvements	3,670	-	-	-
Other	757	1,016	400	(616)
Miscellaneous	-	-	10,000	10,000
Reimburse General Fund-employee benefits	10,000	10,000	10,000	-
Operating transfer to Equipment Reserve	-	1,000	1,000	-
Operating transfer to Capital Improvement	<u>4,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>\$ 128,957</u>	<u>\$ 128,422</u>	<u>\$ 165,085</u>	<u>\$ 36,663</u>
Receipts Over (Under) Expenditures	<u>\$ (22,754)</u>	<u>\$ (8,434)</u>		
Unencumbered Cash Balance, Beginning	<u>100,471</u>	<u>77,717</u>		
Unencumbered Cash Balance, Ending	<u>\$ 77,717</u>	<u>\$ 69,283</u>		

City of Caldwell, Kansas
Storm Water Utility
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)

Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable/ (Unfavorable)
<u>Cash Receipts</u>				
Utility Fees	\$ -	\$ 2,057	\$ 2,568	\$ (511)
Interest on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>\$ -</u>	<u>\$ 2,057</u>	<u>\$ 2,568</u>	<u>\$ (511)</u>
<u>Expenditures</u>				
Capital improvements	-	-	2,500	2,500
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>
Receipts Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,057</u>		
Unencumbered Cash Balance, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash Balance, Ending	<u>\$ -</u>	<u>\$ 2,057</u>		

City of Caldwell, Kansas
Water Utility
Statement of Cash Receipts and Expenditures-Actual and Budget
(Statutory Basis)

Years Ended December 31, 2010 and 2009

		2010		
	2009			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable)</u>
<u>Cash Receipts</u>				
Water Sales	\$ -	\$ 25,103	\$ 67,000	\$ (41,897)
Service Line Agreements	-	952	1,704	(752)
Reimbursements	-	1,218	-	1,218
Delinquent Utility Fees	-	201	-	201
Temporary Note Proceeds	-	775,000	775,000	0
Other	-	-	10,415	(10,415)
Interest on investments	-	-	-	-
Total receipts	\$ -	\$ 802,474	\$ 854,119	\$ (51,645)
<u>Expenditures</u>				
Salaries - plant	\$ -	\$ 9,060	\$ 21,950	\$ 12,890
Salaries - admin	-	2,333	5,000	2,667
Utilities	-	3,230	3,850	620
Ads & Legals	-	330	250	(80)
Plant Supplies	-	1,594	210	(1,384)
Insurance	-	-	3,456	3,456
Equipment maintenance & rental	-	3,952	5,560	1,608
New equipment	-	17,162	20,000	2,838
Fuel	-	-	1,116	1,116
Consulting & contractual	-	3,634	-	(3,634)
Schooling	-	20	190	170
Sales Tax	-	787	-	(787)
Debt service	-	-	-	-
-principal	-	-	-	-
-interest	-	-	-	-
-loan fees	-	-	-	-
Capital improvements	-	-	50,000	50,000
Other	-	2,834	2,463	(371)
Reimburse General Fund - Emp. Benefits	-	-	16,960	16,960
Purchase of Water Utility	-	649,770	660,000	10,231
Cost of Issuance	-	5,815	-	(5,815)
Total expenditures	\$ -	\$ 700,520	\$ 791,005	\$ 90,485
Receipts Over (Under) Expenditures	\$ -	\$ 101,954		
Unencumbered Cash Balance, Beginning	-	-		
Unencumbered Cash Balance, Ending	\$ -	\$ 101,954		

City of Caldwell, Kansas
Agency Funds
Statement of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2010

<u>Fund</u>	Beginning <u>Cash Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbr./ <u>Accounts Pay.</u>	Ending Cash <u>Balance</u>
Municipal Judges Training	\$ -	\$ 719	\$ 719	\$ -	\$ 137	\$ 137

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas.

Reporting Entity

The City of Caldwell is a municipal corporation governed by an elected three-member commission. The City receives funding from local, state, and Federal governmental sources and must comply with the restrictions of these funding sources. However, the City is not included in any other "reporting entity" since the Commission is elected by the public and has decision making authority.

Discretely Presented Component Units. Under Governmental Accounting Standards Board (GASB) Statement 14, the City has two component units which under the statement would be included in the reporting entity. The City has elected not to include the financial statements of these component units in its financial statements, but has instead included component unit financial statements as appendices to this report to emphasize that they are legally separate from the city. The governing bodies of both of these component units are appointed by the city.

1. The Caldwell Public Library Board The City of Caldwell Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the city. Bond issuances must also be approved by the city. Financial statements of this component unit can be found at Appendix 1.
2. Housing Authority The City of Caldwell Public Housing Authority operates subsidized public housing. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the city. Financial statements of this component unit can be found at Appendix 2.

Budgets

Applicable Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds and enterprise funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The statutes provide for the following sequence and timetable in adoption of budgets:

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Budgets (continued)

- a. Preparation of budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25th

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were for the Industrial Development Fund, Cemetery Improvement Fund, Water Utility Fund, Storm Water Utility Fund and General Fund for the year ended December 31, 2010.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using statutory basis of accounting as described below. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds – special law enforcement, municipal judge training, municipal equipment reserve and fire insurance fund.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the budget has been adjusted when necessary to show compliance with the budget law.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported may not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

The municipality has obtained a waiver from generally accepted accounting principles which allows the municipality to revert to the statutory basis of accounting.

Cash Equivalents

Idle funds are invested in certificates of deposit and in a commercial bank money market fund. These are considered cash and are stated at cost, which approximates market value. There are no cash equivalents.

Cash balances in all funds are considered in determining the amount to be invested, and unless specifically designated, investment income is generally apportioned to the various funds in the ratio of funds invested.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities with the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, franchises, fees, fines, penalties, charges for services and other revenues are recorded when received in cash.

Investments

Investments, consisting of certificates of deposit, are carried at cost, which approximates market value.

Risk Management

The City generally covers its risk of loss with insurance coverage. There have not been any claims in the past three years in excess of the amount of insurance.

General Fixed Assets

The City does not record capital fixed assets, such as land, building and equipment, in the general fixed assets account group, as required by generally accepted accounting principles. The disbursements for the purchase of these assets are considered as expenditures and no record of the fixed assets is reflected in the financial statements. Charter Ordinance No. 3 was adopted February 9, 1979, exempting the City from state statutes requiring fixed asset accounting.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies (continued)

Special Assessments

Projects financed in part by special assessments are financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, state statutes permit the levying of additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Consequently, special assessments receivable are accounted for within the debt service fund. Special assessment taxes are levied over a ten or fifteen year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears.

Lease Obligations

Long-term leases are not generally capitalized unless the terms of the lease include an option to purchase at such a price the payments made on the lease clearly represent the purchase of an economic interest.

Compensated Absences

All full-time employees earn vacation at the rate of ten days after one year of service, and fifteen days after fifteen years of employment. However, no unused vacation can be carried over from one employment year to another. Upon termination or resignation from service with the City, employees are entitled to payment for all accrued vacation earned prior to termination or resignation. All employees on permanent status earn sick leave at the rate of one calendar day per month with a 90-day maximum accumulation. Upon termination or resignation, any employee who has ten years or more of continuous service will be entitled to pay for up to 30 days at the employee's current rate of salary.

Pension Plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a multi-employer statewide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the System's actuary as further discussed in Note 5.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

2. Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following types of funds comprise the financial activities of the City for the year 2010:

Governmental Funds

General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted, by law or administrative action, to expenditure for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital Project Funds are used to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for others. These include expendable trust funds, nonexpendable trust funds and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary Funds

Enterprise Funds--to account for operations that (a) are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

3. Cash and Cash Equivalents

Deposits

State law requires that the City deposit its funds in financial institutions that have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank's provide an acceptable rate of return. In addition, state law requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies which would limit concentration of credit or custodial credit risk. The City's deposits at year-end, consisting of checking and savings accounts, certificates of deposit and bank money market funds, had a carrying amount of \$1,303,592. At December 31, 2010, the City had bank balances (before outstanding checks) and insurance and collateral coverage as follows:

	Stock Exchange Bank	Caldwell State Bank	Total
Insured	\$ 453,834	\$ 250,000	\$ 703,834
Uninsured, collateral held by the City's agent in the City's name	<u>471,725</u>	<u>143,510</u>	<u>615,235</u>
Total	<u>\$ 925,559</u>	<u>\$ 393,510</u>	<u>\$ 1,319,069</u>

Uninsured deposits are collateralized by pledged securities held under joint custody receipts issued by third-party banks in the city's name. The pledged securities are held under a tri-party custodial agreement between the city, the pledging bank, and the independent third-party bank holding the pledged securities. All City deposits are Category 1 secured, which has the lowest level of custodial credit risk.

The City is authorized by state law to invest in deposits of local financial institutions and, in certain instances, specified United States Treasury obligations and repurchase agreements. During 2010, the City held all funds in cash and cash equivalents.

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

4. Long Term Debt

Changes in Long Term Debt for the City for the year ended December 31, 2010 were as shown below. Total interest and service charges paid in 2010 were \$15,323.

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	1/1/2010 Balance	Additions	Reductions/ Payments	12/31/10 Balance
General Obligation Bonds								
Series 2009	0%	4/15/2009	\$ 110,000	4/1/2019	110,000	-	11,000	\$ 99,000
Series 2010	0%	9/22/2010	\$ 222,109	9/28/2020	-	222,109	-	222,109
					<u>\$ 110,000</u>	<u>\$ 222,109</u>	<u>\$ 11,000</u>	<u>\$ 321,109</u>
Capital Leases								
Fire pumper	5.88%	8/11/2000	\$ 152,627	5/1/2010	\$ 19,183	\$ -	\$ 19,183	\$ -
2004 Chevy truck	4.00%	6/5/2009	\$ 11,001	6/5/2011	5,414	-	5,414	-
2006 Chevy truck	4.00%	6/25/2009	\$ 10,000	6/25/2011	4,899	-	4,899	-
Steel spreader	4.01%	11/3/2009	\$ 7,546	11/3/2012	7,546	-	-	7,546
Accounting software	4.00%	8/14/2009	\$ 7,196	8/14/2011	7,196	-	3,527	3,669
2010 Dodge Charger	4.00%	2/15/2010	\$ 10,000	2/15/2012	-	10,000	-	10,000
2 New Mowers	4.00%	4/19/2010	\$ 10,310	4/19/2013	-	10,310	-	10,310
Bobcat Skidsteer	4.75%	8/2/2010	\$ 26,913	8/2/2011	-	26,913	3,919	22,994
2006 Chevy truck	4.00%	9/7/2010	\$ 15,275	9/7/2012	-	15,275	5,275	10,000
					<u>\$ 44,238</u>	<u>\$ 62,498</u>	<u>\$ 42,217</u>	<u>\$ 64,518</u>
Compensated Absences					<u>\$ 9,286</u>	<u>\$ 3,947</u>	<u>\$ -</u>	<u>\$ 13,233</u>
Temporary Notes								
Series 2010	0.6%	10/15/2010	\$ 775,000	4/11/2011	\$ -	\$ 775,000	\$ -	\$ 775,000
Other Debt								
St of KS Water Pollution Revolving Loan Fund								
	2.44%	6/10/2004	\$ 687,000	3/1/2025	\$ 560,160	\$ -	\$ 29,564	\$ 530,596
Total Long Term Debt					<u>\$ 723,683</u>	<u>\$ 1,063,554</u>	<u>\$ 82,781</u>	<u>\$ 1,704,456</u>

Schedule of Maturity of Long-Term Debt

	Year of Payment									
	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	Total	
Principle										
GO bonds	\$ 33,211	\$ 33,211	\$ 33,211	\$ 33,211	\$ 33,211	\$ 155,055	\$ -	\$ -	\$ 321,109	
Capital Leases	43,365	17,580	3,573	-	-	-	-	-	64,518	
Temporary Notes	775,000	-	-	-	-	-	-	-	775,000	
Other Debt	30,364	31,187	32,031	32,899	33,790	183,180	187,146	-	530,596	
	<u>\$ 881,941</u>	<u>\$ 81,978</u>	<u>\$ 68,815</u>	<u>\$ 66,110</u>	<u>\$ 67,001</u>	<u>\$ 338,234</u>	<u>\$ 187,146</u>	<u>\$ -</u>	<u>\$ 1,691,224</u>	
Interest										
GO bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Capital Leases	3,089	851	143	-	-	-	-	-	4,084	
Temporary Notes	2,325	-	-	-	-	-	-	-	2,325	
Other Debt	14,070	13,248	12,403	11,536	10,645	38,993	12,810	-	113,705	
	<u>\$ 17,160</u>	<u>\$ 14,099</u>	<u>\$ 12,546</u>	<u>\$ 11,536</u>	<u>\$ 10,645</u>	<u>\$ 38,993</u>	<u>\$ 12,810</u>	<u>\$ -</u>	<u>\$ 117,789</u>	

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

5. Pension Plan

The City of Caldwell, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by state statute. KPERS provides retirements benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

State statute K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for January 1 through December 31, 2010 was 7.14% (includes 1% for insurance. The City of Caldwell, Kansas employer contributions to KPERS for the years ended December 31, 2010, 2009 and 2008 were \$18,258, \$11,112 and \$10,959 respectively, and were equal to the statutory required contributions for each year.

6. Other Post Employment Benefits

As provided by state law, City retirees may participate in the group health insurance plan. As it is the State of Kansas group plan, they bill the participant directly and are responsible for the full premium. Any indirect subsidy paid by the City as a result of having retirees in the insurance pool has not been quantified in these financial statements.

7. Capital Projects Fund

The City had no major capital projects in this fund during 2010.

8. Interfund Transfers

Operating transfers were as follows:

From: Cemetery Endowment Fund	To: General	\$ 2,024
General Fund	Equipment Reserve	54,183
General Fund	Multi-Year Capital Improvements	47,000
Sewer Utility Fund	Multi-Year Capital Improvements	5,000
Sewer Utility Fund	Equipment Reserve	1,000

City of Caldwell, Kansas
Notes to Financial Statements
December 31, 2010 and 2009

9. Compliance with Finance-Related Legal and Contractual Provisions

See Statement 2 for one fund for which expenditures exceeded budget, in violation of K.S.A. 79-2935. There were no other violations of finance-related legal and contractual provisions during 2010.

10. Contingencies

Litigation

The City may be a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings; however, there are no current proceedings against the City.

Grant Program Involvement

In the normal course of operations, the City participates in various federal, state or corporate grant programs from year to year. The programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Subsequent Events

In September, 2010, the City completed the purchase of the privately owned water utility serving the City of Caldwell and began operating it as an enterprise fund of the City. Temporary notes were issued in the amount of \$775,000 to complete the start-up and purchase of the utility. The temporary notes were paid off in March 2011 with the issuance of USDA guaranteed general obligation bonds. Community development block grant funding was approved for the Community Building in February 2011.

City of Caldwell, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Agriculture Direct Programs:			
Community Facilities Loans and Grants			
Case Number 18-096 (Direct Loan)	10.766	N/A	\$ 679,474
<i>Total Department of Agriculture Direct Programs</i>			<u>\$ 679,474</u>
 <i>Total Expenditures of Federal Awards</i>			 <u><u>\$ 679,474</u></u>

City of Caldwell, Kansas
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2010

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Caldwell, Kansas under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the operations of the City of Caldwell, Kansas, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Caldwell, Kansas.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Loan Program Information

During 2010, the City obtained \$775,000 of interim financing for its 2010 Rural Development Project, with permanent financing obtained in April, 2011 from USDA. Though the 2010 expenditures are considered expenditures of federal funds for 2010, at 12/31/2010, there were no outstanding loans to USDA under this program. However, there was \$321,109 in outstanding GO bonds from prior USDA Rural Development projects.

See accompanying Independent Auditor's Report

City of Caldwell, Kansas

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2010

Findings and Questioned Costs—Major Federal Award Programs Audit

None—2010 is the first year the auditee has been subject to a Single Audit, so there are no prior findings relative to Federal awards in the past two years.

City of Caldwell, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Section I—Summary of Auditor's Results

Financial Statements

- Type of auditor's report issued: Unqualified opinion on the 2010 prescribed basis financial statements of the City of Caldwell, Kansas.
- Internal control over financial reporting:
 - Two significant deficiencies relating to financial reporting were disclosed by the audit of the financial statements. These were findings 2010-1 and 2010-3.
 - Both of those significant deficiencies were identified as material weaknesses
- Noncompliance material to financial statements noted: None disclosed by the audit

Federal Awards

- Internal controls over major programs:
 - One significant deficiency relating to internal controls over major programs was disclosed by the audit. This was finding 2010-2.
 - Finding 2010-2 was identified as a material weakness
- Type of auditor's report issued on compliance for major programs: Unqualified opinion
- Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133: None disclosed by the audit.
- Identification of major programs: The following was tested as a major program:
 - Department of Agriculture, Direct Program, Community Facilities Loans and Grants, Federal CFDA Number 10.766
 - The dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- The City of Caldwell did not qualify as a low-risk auditee

Section II—Financial Statement Findings

Finding 2010-1: Internals Control over Preparation of the Schedule of Expenditures of Federal Awards

Criteria:

OMB Circular A-133, ¶.300(a) and (d) requires auditees to identify all federal awards, including CFDA numbers and to prepare appropriate financial statements in accordance with ¶.310

City of Caldwell, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Condition:

Management was unaware of the specific requirements of the schedule of expenditures of federal awards, including CFDA number of the award and amount expended during the audit period.

Context:

The City has not met the Single Audit threshold and has not been required to prepare a schedule of expenditures of federal awards in prior years. In 2010 the City had one federal award and received extensive assistance directly from the granting agency with respect to compliance issues, but this assistance did not extend to preparation of the schedule of expenditures of federal awards.

Effect:

Without knowledge of these requirements, management would not be able to properly prepare the schedule of expenditures of federal awards and related notes or take responsibility for them if auditor assistance was used in drafting them.

Cause:

The City receives few federal awards and prior to 2010, did not meet the Single Audit threshold. Therefore management had no experience in preparing a schedule of expenditures of federal awards.

Recommendation:

Management should become familiar with the requirements for preparation of the schedule of expenditures of federal awards. Management should use a disclosure checklist in evaluation of the non-audit services of drafting the schedule of expenditures of federal awards.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Management has obtained materials from Compliance Supplement and the AICPA Governmental Audit Quality Center to assist in identifying reporting and compliance requirements with respect to federal awards, and a disclosure checklist that was used to evaluate the auditor's non-audit services in drafting the schedule of expenditures of federal awards.

City of Caldwell, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Finding 2010-3 Internal Controls Over Utility Accounts Receivables

Criteria:

Good internal controls over include a reconciliation of subsidiary utility accounts receivable to a predetermined control total. This procedure validates the accuracy of the subsidiary accounts and can detect errors and improper entries to these accounts, including those associated with fraudulent activities. These procedures also include comparing amounts posted to accounts receivable for billings, collections and adjustments to authorized and approved transactions.

Condition:

There are not monthly reconciliations of utility subsidiary accounts receivable to a control total, there is no reconciliation of payments posted to accounts receivable with cash collections and there is no reconciliation of total adjustments with approved customer adjustments.

Context:

In the fourth quarter of 2010, the City purchased a water utility system serving its citizens. Prior to this purchase, the privately owned utility also provided utility billing services for the City's sewer utility, therefore, the City only had two months of 2010 where it was responsible for subsidiary utility accounts receivable.

Effect:

Since there is currently no procedure to determine if all transactions to utility subsidiary accounts receivable agree with approved amounts, erroneous or fraudulent entries could be made to the utility accounts receivable and not be detected. Utility accounts receivable and related utility revenue could be misstated.

Cause:

Prior to the fourth quarter of 2010, the City contracted the maintenance of subsidiary accounts receivable accounting to a third party for its sewer utility. Therefore, when the City assumed these procedures upon purchase of the water utility system, it had no established procedures or experience in maintaining these records.

City of Caldwell, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Recommendation:

Each month the City should compute the expected utility accounts receivable control total by adjusting the previous month's control totals by current month billings, collections per general ledger and a ledger of approved adjustments. This control total should then be reconciled to the subsidiary control total and any difference investigated.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding and will implement this recommendation as soon as possible.

Section III—Federal Award Findings and Questioned Costs

ALL FEDERAL PROGRAMS:

Finding 2010-1: Internal Controls over Preparation of the Schedule of Expenditures of Federal Awards

See Section II for a detailed explanation of this finding of a material weakness in internal control over preparation of the schedule of expenditures of federal awards and notes.

Finding 2010-2 Internal Controls Over Compliance with Federal Requirements

Criteria:

OMB Circular A-133, ¶.300(b) requires that auditees maintain a system of internal control that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition:

For all direct and material compliance requirements, there were no effective control procedures over three of the five elements of internal control-Risk Assessment, Information and Communication and Monitoring. In addition, for the Reporting and Special Provisions compliance requirements, both direct and material, there were no effective procedures for performing Control Activities. The City did not identify direct and material compliance requirements of the program and formulate an internal control system to ensure compliance.

City of Caldwell, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2010

Context:

For the major program there was significant involvement of USDA personnel in 2010 that ensured compliance with Activities Allowed and for Allowable Costs and Procurement, providing for these compliance requirements effective Control Activities, therefore the lack of the Risk Assessment, Information and Communication and Monitoring elements of internal control did not negatively effect compliance. However, for the Reporting and Special Provisions requirements, where there was no concurrent consultation and involvement by USDA, the lack of controls would have most likely resulted in a failure to comply had these provisions been applicable to 2010 activities. There was only one program administered by the City during 2010.

Effect:

Without an effective system of internal control over compliance with direct and material requirements of Federal programs, there is a greater risk that the City will not comply with these requirements

Cause:

The auditee is a small entity that does not have a dedicated grant administration function. It receives few federal awards and has had minimal experience in administration of them.

Recommendation:

Upon receipt of a Federal Award, the City should identify relevant information about the award, identify direct and material compliance requirements, develop effective internal controls to ensure compliance and assign responsibilities for such within the organization.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Management has reviewed applicable requirements found in the Compliance Supplement for the major program and has obtained additional checklists from the AICPA Governmental Auditing Quality Center to assist in identifying requirements and developing internal control procedures to ensure compliance for future awards received.

City of Caldwell, Kansas

General Fund

Detailed Statement of Cash Receipts and Expenditures-Actual and Budget

Years Ended December 31, 2010 and 2009

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Taxes</u>				
Ad valorem property tax	\$ 365,112	\$ 347,765	\$ 334,832	\$ 12,933
Less NRP rebates	(3,654)	(143)	(5,337)	5,194
Delinquent tax collections	9,941	-	-	-
Special assessments	640	-	-	-
Motor vehicle tax	68,058	36,159	54,463	(18,304)
16/20 M tax	870	1,191	823	368
Recreational vehicle tax	961	629	767	(138)
Transient guest tax	139	-	-	-
Local sales and use tax	<u>106,625</u>	<u>139,874</u>	<u>97,000</u>	<u>42,874</u>
Total taxes	<u>\$ 548,692</u>	<u>\$ 525,474</u>	<u>\$ 482,548</u>	<u>\$ 42,926</u>
<u>Intergovernmental Revenues</u>				
Highway connecting links	\$ 9,749	\$ 9,756	\$ 9,800	\$ (44)
Excise tax	1,009	1,135	1,500	(365)
Liquor tax	2,021	2,333	-	2,333
State Payments	-	87	-	87
County highway	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total intergovernmental revenues	<u>\$ 18,779</u>	<u>\$ 19,311</u>	<u>\$ 17,300</u>	<u>\$ 2,011</u>
<u>Licenses and Permits</u>				
Franchise fees	\$ 92,914	\$ 84,858	\$ 90,000	\$ (5,142)
Permits	70	245	150	95
Dog licenses	998	905	1,000	(95)
Alcohol licenses	800	775	1,600	(825)
Other licenses	<u>335</u>	<u>735</u>	<u>30</u>	<u>705</u>
Total licenses and permits	<u>\$ 95,117</u>	<u>\$ 87,518</u>	<u>\$ 92,780</u>	<u>\$ (5,967)</u>
<u>Fines and Fees</u>				
Traffic fines and fees	\$ 2,504	\$ 5,743	\$ 4,500	\$ 1,243
Monument fees	450	375	400	(25)
Impound fees	450	225	200	25
Accident report fees	<u>10</u>	<u>20</u>	<u>25</u>	<u>(5)</u>
Total fines and fees	<u>\$ 3,414</u>	<u>\$ 6,363</u>	<u>\$ 5,125</u>	<u>\$ 1,238</u>

See accompanying notes

City of Caldwell, Kansas**General Fund****Detailed Statement of Cash Receipts and Expenditures-Actual and Budget***Years Ended December 31, 2010 and 2009*

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Charges for Services</u>				
Grave openings and closings	\$ 7,225	\$ 11,450	\$ 9,000	\$ 2,450
Rural fire contracts and runs	26,250	15,110	16,000	(890)
Copies and faxes	31	11	100	(89)
Swimming pool receipts	5,465	5,788	5,500	288
Charges for Services	-	488	150	
Other	81	-	-	-
Total charges for services	<u>\$ 39,052</u>	<u>\$ 32,847</u>	<u>\$ 30,750</u>	<u>\$ 1,760</u>
<u>Use of Money and Property</u>				
Interest on idle funds	\$ 6,003	\$ 4,150	\$ 3,500	\$ 650
Sale of surplus property	-			-
Airport & hanger lease	1,766	2,241	2,000	241
Building rent	3,711	4,904	4,000	904
Total use of money and property	<u>\$ 11,480</u>	<u>\$ 11,295</u>	<u>\$ 9,500</u>	<u>\$ 1,795</u>
<u>Other Revenue</u>				
Sale of cemetery lots	\$ 1,525	\$ 300	\$ 2,000	\$ (1,700)
Swimming pool concessions	3,368	2,721	3,000	(279)
Donations	1,219	11,392	1,000	10,392
Reimbursements	35,340	20,867	-	20,867
Reimbursement from Sewer	10,000	10,000	10,000	-
Grants	-	-	-	-
Endowment from Cem Lot (Int)	-	47	-	-
Miscellaneous	23	1,278	-	1,278
Total other revenue	<u>\$ 51,475</u>	<u>\$ 46,605</u>	<u>\$ 16,000</u>	<u>\$ 30,558</u>
<u>Bond Proceeds</u>				
Bond Proceeds	<u>\$ -</u>	<u>\$ 222,109</u>	<u>\$ -</u>	<u>\$ 222,109</u>
<u>Operating Transfers</u>				
Cemetery Endowment Fund	<u>\$ 1,637</u>	<u>\$ 2,024</u>	<u>\$ 6,000</u>	<u>\$ (3,976)</u>
Total general fund cash receipts	<u>\$ 769,646</u>	<u>\$ 953,546</u>	<u>\$ 660,003</u>	<u>\$ 292,454</u>

See accompanying notes

City of Caldwell, Kansas

General Fund

Detailed Statement of Cash Receipts and Expenditures-Actual and Budget

Years Ended December 31, 2010 and 2009

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Administration</u>				
Salaries	\$ 52,107	\$ 50,984	\$ 52,000	\$ 1,016
Office supplies	6,363	5,747	3,500	(2,247)
Utilities	4,055	4,301	5,000	699
Audit	7,200	7,350	7,050	(300)
Printing & legals	1,329	2,524	2,000	(524)
Building maintenance	2,960	5,468	3,000	(2,468)
Insurance and bonds	6,284	7,717	4,000	(3,717)
Education and dues	2,912	5,255	2,500	(2,755)
Planning Commission	-	-	500	500
Other	2,550	1,127	2,500	1,373
Unsafe buildings	6,500	900	10,000	9,100
Total Administration	<u>\$ 92,260</u>	<u>\$ 91,374</u>	<u>\$ 92,050</u>	<u>\$ 676</u>
<u>Police</u>				
Salaries	\$ 92,864	\$ 104,935	\$ 110,000	\$ 5,065
Supplies	4,430	3,629	4,600	971
Computer supplies & updates	5,866	4,052	1,500	(2,552)
Utilities	3,185	3,637	7,250	3,613
Equipment maintenance & rental	1,358	2,282	2,800	518
Vehicle maintenance	3,362	5,196	5,000	(196)
New equipment	2,648	7,962	2,000	(5,962)
Fuel	5,286	8,146	10,000	1,854
Building maintenance	102	534	500	(34)
Insurance	17,473	8,940	13,000	4,060
Ads & legals	639	99	400	301
Dues & Education	1,695	2,147	1,475	(672)
Impounding dogs	309	300	600	300
Uniform maintenance	434	1,285	600	(685)
Miscellaneous	1,164	1,025	2,000	975
Drug Enforcement	-	851	-	(851)
Total Police	<u>\$ 140,815</u>	<u>\$ 155,019</u>	<u>\$ 161,725</u>	<u>\$ 6,706</u>

See accompanying notes

City of Caldwell, Kansas**General Fund****Detailed Statement of Cash Receipts and Expenditures-Actual and Budget***Years Ended December 31, 2010 and 2009*

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Fire</u>				
Salaries	\$ 2,400	\$ 2,400	\$ 2,500	\$ 100
Supplies	4,808	3,864	4,500	636
Equipment maint & rent	7,026	5,726	8,000	2,274
Building maintenance	1,775	-	-	-
Utilities	884	1,906	4,000	2,094
Insurance	8,404	4,698	6,000	1,302
Ads & legals	101	3,372	100	(3,272)
New equipment	3,167	219,184	3,500	(215,684)
City firemen reimbursement	4,026	3,098	5,000	1,902
Rural firemen reimbursement	4,194	3,670	6,500	2,830
Other	287	556	250	(306)
Fuel	3,216	4,299	3,250	(1,049)
Dues	20	288	700	413
Total Fire	<u>\$ 40,308</u>	<u>\$ 253,060</u>	<u>\$ 44,300</u>	<u>\$ (208,760)</u>
<u>Public Works</u>				
Salaries	\$ 64,911	\$ 74,627	\$ 77,800	\$ 3,173
Supplies	9,571	13,641	5,150	(8,491)
Utilities	6,619	7,680	8,400	720
Ads & legal publications	181	598	200	(398)
Insurance	26,351	12,923	12,000	(923)
Equipment maintenance	11,251	10,523	9,700	(823)
Fuel	6,372	11,163	4,500	(6,663)
Equipment repair	11,118	2,464	11,000	8,537
Building maintenance	-	1,080	250	(830)
New equipment	37,861	10,473	12,850	2,377
Miscellaneous	1,876	1,278	550	(728)
Materials	4,480	6,064	8,000	1,936
Contracted work	2,080	24,330	20,000	(4,330)
Transfer out	-	-	-	-
Street lighting	-	-	-	-
Hydrant rental	2,625	1,794	3,800	2,006
Chemicals	-	686	-	(686)
Bindweed	-	785	1,000	215
Composting	-	-	1,200	1,200
Total Street & Highway	<u>\$ 185,296</u>	<u>\$ 180,108</u>	<u>\$ 176,400</u>	<u>\$ (3,708)</u>

See accompanying notes

City of Caldwell, Kansas

General Fund

Detailed Statement of Cash Receipts and Expenditures-Actual and Budget

Years Ended December 31, 2010 and 2009

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Street Lighting</u>	\$ 23,328	\$ 21,097	\$ 77,000	\$ 55,903
<u>Community Building</u>				
Salaries	\$ 2,450	\$ 2,775	\$ 3,500	\$ 725
Supplies	338	680	800	120
Equipment rental	680	315	1,500	1,185
Equipment maintenance	-	20	500	480
Utilities	4,427	3,817	6,000	2,183
Insurance	3,357	2,146	2,000	(146)
Building maintenance	4,461	1,052	15,000	13,948
Community Building Development	5,917	1,000	-	(1,000)
Other	1,686	-	200	200
Total Community Building	\$ 23,316	\$ 11,805	\$ 29,500	\$ 17,695
<u>Swimming Pool</u>				
Salaries	\$ 15,409	\$ 13,805	\$ 13,500	\$ (305)
Supplies	1,006	435	3,500	3,065
Maintenance materials	113	-	-	-
Equipment maintenance	516	-	4,500	4,500
New equipment				-
Equipment rental		-	1,000	1,000
Utilities	4,592	4,057	4,000	(57)
Chemicals	1,834	1,585	1,000	(585)
Merchandise	1,784	1,717	1,800	83
Sales tax	225	213	350	137
Schooling	185	240	100	(140)
Ads & legals	108	90	100	10
Other	25	-	-	-
Total Swimming Pool	\$ 25,797	\$ 22,142	\$ 29,850	\$ 7,708

See accompanying notes

City of Caldwell, Kansas**General Fund****Detailed Statement of Cash Receipts and Expenditures-Actual and Budget***Years Ended December 31, 2010 and 2009*

		2010		Variance-
	2009			Favorable/
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Employee Benefits</u>				
Social security & Medicare	\$ 20,467	\$ 23,124	\$ 26,500	\$ 3,376
Worker's comp	9,225	-	9,500	9,500
Unemployment tax	245	367	250	(117)
KPERS retirement	11,713	17,657	12,000	(5,657)
BlueCross/BlueShield	<u>60,841</u>	<u>90,056</u>	<u>80,000</u>	<u>(10,056)</u>
Total Employee Benefits	<u>\$ 102,491</u>	<u>\$ 131,203</u>	<u>\$ 128,250</u>	<u>\$ (2,953)</u>
 <u>Liability Insurance</u>	 <u>\$ 2,549</u>	 <u>\$ 2,346</u>	 <u>\$ 2,500</u>	 <u>\$ 154</u>
 <u>Capital Outlay</u>	 <u>\$ -</u>	 <u>\$ 2,000</u>	 <u>\$ 50,000</u>	 <u>\$ 48,000</u>
 <u>Operating Transfers</u>				
Sewer Utility	\$ -			\$ -
Municipal Equipment Reserve	47,183	54,183	54,183	-
Multi-Year Capital Improvements	<u>18,500</u>	<u>42,000</u>	<u>42,000</u>	<u>-</u>
Total Operating Transfers	<u>\$ 65,683</u>	<u>\$ 96,183</u>	<u>\$ 96,183</u>	<u>\$ -</u>
 Total general fund expenditures	 <u>\$ 701,843</u>	 <u>\$ 966,337</u>	 <u>\$ 887,758</u>	 <u>\$ (78,579)</u>

City of Caldwell, Kansas
Caldwell Public Library

Accountant's Report and Financial Statements

Year Ended December 31, 2010

Kenneth L Cooper Jr CPA, Chtd

Certified Public Accountant

Wellington, Kansas

City of Caldwell, Kansas

Caldwell Public Library

Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Independent Auditor's Report


To the Board of Directors
Caldwell Public Library
Caldwell, Kansas

I have audited the financial statements of the Caldwell Public Library, a component unit of the City of Caldwell, Kansas, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As discussed in Note 1, The Caldwell Public Library of the City of Caldwell, Kansas prepared its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accepted accounting principles generally accepted in the United States of America and the Library has omitted fixed assets from these financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Caldwell Public Library of Caldwell, Kansas, as of December 31, 2010 and 2009, and the revenues received and expenditures paid for the years then ended on the basis of accounting described in Note 1.


Certified Public Accountant

August 25, 2011

City of Caldwell, Kansas
Caldwell Public Library
Statement of Assets and Liabilities
December 31, 2010 and 2009

Assets

	<u>2010</u>	<u>2009</u>
Cash in bank		
Stock Exchange Bank, general account		
General operating account	\$ 7,719	\$ 1,346
Capital improvement account	6,721	2,810
Caldwell State Bank, SCKLS account	<u>-</u>	<u>2,507</u>
	<u>\$ 14,440</u>	<u>\$ 6,663</u>

Liabilities and Fund Equity

Fund Equity

Cash balances, unappropriated	<u>\$ 14,440</u>	<u>\$ 6,663</u>
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See accompanying notes to financial statements

City of Caldwell, Kansas
Caldwell Public Library
Statements of Cash Receipts, Disbursements and
Changes in Cash Balances

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Cash Receipts</u>		
Appropriation from the City of Caldwell	\$ 22,749	\$ 19,173
SCKLS grant	5,358	5,219
State grant	643	718
Fines and fees	97	123
Donations	6,970	635
Other grants	2,527	6,164
Interest earnings	39	99
Other	<u>1,070</u>	<u>143</u>
Total cash receipts	<u>\$ 39,453</u>	<u>\$ 32,274</u>
<u>Cash Disbursements</u>		
Salaries	\$ 12,384	\$ 13,841
Payroll taxes	1,093	1,117
Utilities	5,192	4,303
Repairs	642	154
Supplies	1,424	2,653
Books	3,380	6,647
Periodicals & electronic media	539	297
Summer reading program	629	1,302
Computer, automation and other equipment	-	4,391
Insurance	1,926	1,998
Contract services	750	750
Mileage	76	190
Capital outlay-building & furniture	-	6,509
Imaging project	2,848	-
Other	<u>793</u>	<u>1,306</u>
Total cash disbursements	<u>\$ 31,676</u>	<u>\$ 45,458</u>
Excess of Revenues Over (Under) Expenditures	\$ 7,777	\$ (13,184)
Cash Balance, Beginning of Year	<u>6,663</u>	<u>19,847</u>
Cash Balance, End of Year	<u><u>\$ 14,440</u></u>	<u><u>\$ 6,663</u></u>

See accompanying notes to financial statements

City of Caldwell, Kansas
Caldwell Public Library
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Caldwell Public Library (the Library) is a component unit of the City of Caldwell, created by a vote of the citizens under Kansas Statutes Annotated 12-1220. The Library has a seven member governing board which is appointed by the Caldwell City Commission. The Library receives funding for operating the City Library from the City of Caldwell and from other state agencies in the form of grants.

Basis of Accounting

The Library uses the cash basis of accounting. Revenues are recognized when cash is received and expenditures are recorded when cash is paid.

Inventory

Disbursements for inventory-type items are considered as expenditures at the time of purchase.

Fixed Assets

Fixed assets are charged to expense in the year of purchase, and no record of their purchase has been maintained in a general fixed asset group of accounts as required by generally accepted accounting principles.

Depository Security

Bank balances were 100% secured by F.D.I.C. insurance coverage.

Note 2: Building Project

The City of Caldwell acquired a building in downtown Caldwell and received grant and loan funding to rehabilitate it for use by the Public Library. The project began in 2008 and was completed in 2009. The Public Library now occupies the new site.

City of Caldwell, Kansas
Caldwell Housing Authority

Accountant's Report and Financial Statements

December 31, 2010

Kenneth L Cooper Jr CPA, Chtd

Certified Public Accountant

Wellington, Kansas

City of Caldwell, Kansas

Caldwell Housing Authority

Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Independent Auditor's Report

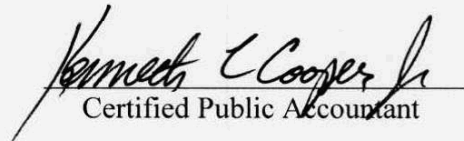
To the Board of Directors
Caldwell Housing Authority
Caldwell, Kansas

I have audited the financial statements of the Housing Authority, a component unit of the City of Caldwell, Kansas, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As discussed in Note 1, The Housing Authority of Caldwell, Kansas prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Housing Authority of Caldwell, Kansas, as of December 31, 2010 and 2009, and the revenues received and expenses paid for the years then ended on the basis of accounting described in Note 1.


Certified Public Accountant

September 26, 2011

City of Caldwell, Kansas
Caldwell Housing Authority
Statement of Assets & Liabilities - Cash Basis
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
<u>Current Assets</u>		
General operating	\$ 3,091	\$ 946
Security deposits	30,371	16,201
Memorial-improvement	<u>1,993</u>	<u>1,674</u>
Total cash	\$ 35,455	\$ 18,821
HUD loan prepayment	<u>785</u>	<u>-</u>
Total current assets	<u>\$ 36,240</u>	<u>\$ 18,821</u>
<u>Fixed Assets</u>		
Land	\$ 4,000	\$ 4,000
Building	217,512	217,512
Accumulated depreciation	<u>(210,140)</u>	<u>(203,590)</u>
Total fixed assets	<u>\$ 11,372</u>	<u>\$ 17,922</u>
Total Assets	<u><u>\$ 47,612</u></u>	<u><u>\$ 36,743</u></u>
<u>Liabilities and Fund Equity</u>		
<u>Liabilities</u>		
Notes payable, current portion	\$ 5,527	\$ 5,894
Notes payable, long term portion	<u>94,279</u>	<u>99,012</u>
Total liabilities	\$ 99,806	\$ 104,906
<u>Fund Equity</u>		
Retained earnings	<u>(52,194)</u>	<u>(68,172)</u>
Total Liabilities and Fund Equity	<u><u>\$ 47,612</u></u>	<u><u>\$ 36,734</u></u>

See accompanying notes to financial statements

City of Caldwell, Kansas
Caldwell Housing Authority
Statement of Income, Expense, and Changes in Retained Earnings -
Cash Basis
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Income</u>		
Rental income	\$ 27,896	\$ 25,241
Government subsidy	5,616	6,668
Interest earned	308	600
Laundry, vending & misc	1,422	823
Donations	3,380	-
Property insurance reimbursement	15,862	-
Other revenue	34	1,000
Total income	<u>\$ 54,518</u>	<u>\$ 34,332</u>
<u>Expense</u>		
Repairs & maintenance	\$ 5,033	\$ 1,058
Painting & decorating	3,061	-
Grounds	-	1,075
Site management, salary	4,800	4,800
Payroll taxes	367	367
Insurance	4,923	6,848
Utilities	4,984	4,435
Miscellaneous	158	198
Depreciation	6,550	6,550
Appliances	-	-
Interest	8,673	9,089
Total expenses	<u>\$ 38,549</u>	<u>\$ 34,420</u>
Net income (loss)	\$ 15,969	\$ (88)
Retained earnings (deficit), beginning of year	<u>(68,163)</u>	<u>(68,075)</u>
Retained earnings (deficit), end of year	<u>\$ (52,194)</u>	<u>\$ (68,163)</u>

See accompanying notes to financial statements

City of Caldwell, Kansas
Caldwell Housing Authority
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Housing Authority (the Authority) is a component unit of the City of Caldwell. The Authority can sue and be sued, and can buy, sell or lease real property. Bond issuance must be approved by the City. The Authority rents subsidized housing to qualifying members of the community.

Basis of Accounting

The Authority uses a cash basis of accounting. Revenues are recognized when cash is received and expenditures are recorded when cash is paid. In addition to cash disbursements, depreciation on capital assets is recorded as an expense.

Fixed Assets

The Authority records fixed assets at cost and depreciates them using a straight line method over the asset's useful life, which varies from 5 to 50 years.

Note 2: Long – Term Debt

The following is a summary of long-term debt transactions of the Authority for the year ended December 31, 2009.

<u>Notes Payable</u>	<u>2010</u>	<u>2009</u>
Outstanding, January 1	\$104,906	\$ 109,973
Additions	0	0
Deletions	<u>(5,100)</u>	<u>(5,067)</u>
Outstanding, December 31	<u>\$ 99,806</u>	<u>\$ 104,906</u>

The USDA makes a direct subsidy payment on these notes, which are collateralized by the Authority's real estate, the amount of which is recorded as revenue and note payment on the financial statements. The following individual notes payable to USDA make up the balance of notes payable. Maturity date is based upon the current monthly payment amounts.

<u>Note</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2010 Balance</u>
USDA #1	8.5%	3-31-22	\$ 94,682
USDA #2	8.0	3-31-22	<u>5,124</u>
			<u>\$ 99,806</u>

City of Caldwell, Kansas
Caldwell Housing Authority
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 2: Long-Term Debt (continued)

The principal and interest payments due on the notes for the next five years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	5,527	8,247	13,774
2012	6,014	7,760	13,774
2013	6,544	7,230	13,774
2014	7,120	6,653	13,773
2015	7,748	6,026	13,774
2016-2020	50,263	18,604	68,867
2021-2022	<u>16,590</u>	<u>976</u>	<u>17,566</u>
	<u>\$ 99,806</u>	<u>\$ 55,496</u>	<u>\$ 155,302</u>

Note 3: Cash and Cash Equivalents

The Authority maintains four bank accounts which are fully insured by FDIC. There are no cash equivalents.

City of Caldwell, Kansas
Caldwell Firemen's Relief Association
Accountant's Report and Financial Statements

December 31, 2010

Kenneth L Cooper Jr CPA, Chtd.

Certified Public Accountant

Wellington, Kansas

City of Caldwell, Kansas
Caldwell Firemen's Relief Association
Year Ended December 31, 2010

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Independent Auditor's Report


To the Firefighter's Relief Association
City of Caldwell
Caldwell, Kansas

I have audited the financial statements of the Firemen's Relief Association of Caldwell, Kansas, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As discussed in Note 1, The Firemen's Relief Association of Caldwell, Kansas prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Firemen's Relief Association of Caldwell, Kansas, as of December 31, 2010 and 2009, and the revenues received and expenditures paid for the years then ended on the basis of accounting described in Note 1.



Certified Public Accountant

August 25, 2011

City of Caldwell, Kansas
Caldwell Firemen's Relief Association

Statement of Assets & Liabilities

December 31, 2010 and 2009

Assets

2010 2009

Cash and Cash Investments

Checking and savings accounts	\$ 69,783	\$ 84,707
Certificate of deposit	<u>40,000</u>	<u>40,000</u>
	<u>\$ 109,783</u>	<u>\$ 124,707</u>

Liabilities and Fund Equity

Fund Equity

Cash balance, restricted for benefits	<u>\$ 109,783</u>	<u>\$ 124,707</u>
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City of Caldwell, Kansas
Caldwell Firemen's Relief Association
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Cash Receipts</u>		
Kansas Insurance Commissioner	\$ 5,500	\$ 5,319
Interest earned	841	1,294
Life Insurance proceeds	<u>-</u>	<u>-</u>
Total cash receipts	<u>\$ 6,341</u>	<u>\$ 6,613</u>
<u>Cash Disbursements</u>		
Insurance premiums	\$ 638	\$ 742
Retirement benefits	20,372	11,088
Treasurers bond	255	-
Life insurance proceeds	<u>-</u>	<u>-</u>
Total cash disbursements	<u>\$ 21,265</u>	<u>\$ 11,830</u>
<u>Excess of Receipts Over (Under) Disbursements</u>	<u>\$ (14,924)</u>	<u>\$ (5,217)</u>
<u>Cash Balance, Beginning of Year</u>	<u>124,707</u>	<u>129,924</u>
<u>Cash Balance, End of Year</u>	<u><u>\$ 109,783</u></u>	<u><u>\$ 124,707</u></u>

See accompanying notes to financial statements

City of Caldwell, Kansas
Caldwell Firemen's Relief Association
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Firemen's Relief Association (the Association) provides insurance for volunteer firemen, with the Association named as beneficiary. Funds are accumulated to provide additional death benefits and retirement benefits for firemen through the purchase of annuity and insurance contracts.

Basis of Accounting

The Association uses a cash basis of accounting. Revenues are recognized when cash is received and expenditures are recorded when cash is paid. Payments to firemen's annuity contracts are recorded as an expense when made. Payments to the Association from these contracts are recorded as income when received and as benefit expense when paid. Since these contracts are payable to the firefighters, no asset is recorded on the financial statement for their value nor is a liability recorded for the amount payable to the firefighters.

Term Life Insurance

Five-year term life insurance policies provide the eligible firemen with \$10,000 of life insurance. The annual premiums are paid by the Association.

Depository Security

Deposited funds are totally secured by F.D.I.C.

Pension Plan

The Association established a defined contribution pension plan on January 1, 1985, to provide eligible members benefits for permanent disability, death or retirement. All members are eligible to participate in the plan after completing one year of service. A participant becomes fully vested in the plan after ten years of service and coverage under the plan for five consecutive years.

City of Caldwell, Kansas
Caldwell Firemen's Relief Association
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(continued)

Pension Plan (continued)

The Association annually allocates its yearly distribution from the State of Kansas equally to each firefighter. Investment earnings on the Association's funds are allocated and added to the account balance maintained for each firefighter. When a firefighter retires, the entire account balance credited to that individual is paid out as a lump sum retirement benefit. The retirement benefits paid in 2010 and 2009 were \$20,372 and \$11,088. Account balances of unvested participants are forfeited and allocated equally to remaining participants. Forfeitures were \$1,072 in 2010 and \$0 in 2009. The Association retains all funds in its accounts and maintains benefit records for each firefighter in its restricted cash balance accounts. No liability is shown on the financial statements for these benefits.